

Message Text

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71

ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 EB-11 XMB-07 TRSE-00 ACDA-19

PM-07 NSC-07 SP-03 SS-20 RSC-01 AID-20 EA-11 EUR-25

OPIC-12 CIAE-00 INR-10 NSAE-00 DRC-01 /171 W

----- 069410

R 031757Z APR 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0576

INFO AMCONSUL GUAYAQUIL

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FOR COMMERCE/OED/MEPD/SANDS

E.O. 11652: N/A

TAGS: BEXP, EC

SUBJ: MUNITIONS PLANT

1. MR. RAUL BUENAVENTURA, OFFICIAL OF INTERNATIONAL TRADING COMPANY, BLOOMFIELD, CONNECTICUT, AFFILIATE OF LOEB & RHOADES, PLANS RETURN TO U.S. O/A APRIL 4 AND WILL CALL UPON MEPD FOR ASSISTANCE IN LOCATING U.S. FIRM INTERESTED IN INSTALLING MUNITIONS FACTORY IN ECUADOR ON TURN-KEY BASIS. LOEB & RHOADES HAS ALREADY OFFERED GOE FINANCING FOR FACTORY IF U.S. FIRM CAN BE FOUND.

2. IN MID-FEBRUARY, GOE INFORMED LOCAL DIPLOMATIC MISSIONS OF PLANS FOR MUNITIONS FACTORY AND REQUESTED OFFERS FROM FOREIGN FIRMS. U.S. EMBASSY, DUE TO THEN EXISTING FMS SANCTIONS, WAS EXCLUDED. FACTORY WILL PRODUCE 7.62 MM CARTRIDGES AND BULLETS, AND HUNTING AMMUNITION OF 12, 16 AND 20 CALIBER. ESTIMATED COST OF FACTORY WILL BE U.S. \$4.5 MILLION.

3. FOUR FOREIGN FIRMS--ONE EACH FRENCH, GERMAN, ITALIAN, AND BELGIAN--HAVE ALREADY SUBMITTED OFFERS. GERMAN FIRM FRITZ WERNER HAS OFFERED FACTORY AND ALL EQUIPMENT FOR PRODUCTION OF 7.5 OT 8

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MILLION CARTRIDGES PER YEAR OF 7.62 MM AMMUNITION, WITH POSSI-

BILITY OF PRODUCING .223 AND .45 CAL AMMUNITION AS WELL. PRICE
QUOTATION FOR GERMAN PLANT AND EQUIPMENT IS DM 7,392,900.

4. CHIEF OF ECUADOREAN ARMY INDUSTRIES ADMINISTRATION HAS ADVISED
BUENAVENTURA THAT GOE WOULD DELAY SELECTION OF CONSTRUCTION
FIRM AT LEAST UNTIL APRIL 15, TO ALLOW HIM TIME TO SEEK U.S.
FIRM INTERESTED IN SUBMITTING OFFER. EMBASSY BELIEVES GOE
GENUINELY INTERESTED IN RECEIVING U.S. OFFER. REQUEST THAT
COMMERCE GIVE ALL POSSIBLE ASSISTANCE TO BUENAVENTURA. (FYI:
LOEB & RHOADES ALSO NEGOTIATING WITH GOE TO FINANCE SALE OF
1,639 MILITARY VEHICLES BY FORD MOTOR COMPANY, AS WELL AS
CONSTRUCTION OF U.S. \$20-30 MILLION INTEGRATED STEEL PLANT IN
GUAYAQUIL AREA. GERMAN AND JAPANESE FIRMS REPORTEDLY HAVE
ALREADY EXPRESSED INTEREST IN LATTER. END FYI)

5. DECONTROL UPON RECEIPT.
BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO02216
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740075-0304
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740470/aaaacmq. tel
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2002 by WorrelSW>; APPROVED <12-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MUNITIONS PLANT
TAGS: BEXP, EC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005